THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) and (b) A contract dated 21st January, 1993 was signed with Ms Pitcare Ltd Hong Kong for supply of 10,000 rounds of 130mm illuminating ammunition and 6,700 rounds of 122 mm illuminating ammunition at a cost of 6.118 million US Dollar. The ammunition was not found fit for use after check proof was conducted and efforts to settle the quality claim and recover the amount from the vendor did not succeed. The subject transaction was adversely commented by the C and AG who *inter alia* recommended that the matter should be investigated through an independent agency. Accordingly the matter was referred to CBI for investigation.

After conducting a preliminary inquiry, the CBI has registered a regular case for investigation against certain officials including a retired Lieutenant General and other companies and individuals in Hong Kong and Singapore. An FIR has been filed against the accused officials under the relevant provisions of the Indian Penal Code and Prevention of Corruption Act, 1988.

Discussison on Defence Deals with U.S. secretary of Defence

2457. SHRI AHMED PATEL: Will the Minister of DEFENCE be pleased to state:

(a) whether defence deals were discussed with U.S. secretary of defence during his recent visit to India; and

(b) if so, the details thereof

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) and (b) During the recent visit of U.S. Secretary of defence to India, the defence cooperation relationship between the two countries was discussed. No particular defence deal was discussed.